

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

4 2 — 0 0 1

2. STATE:

Minnesota

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

January 1, 2002

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.201(b)

7. FEDERAL BUDGET IMPACT:

a. FFY '02 \$ 0  
b. FFY '03 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 4.19-B, pp. 27, 61

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

same

10. SUBJECT OF AMENDMENT:

Rates: Medical supplies, equipment and appliances for the home, and Pregnancy-related and  
postpartum services

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ OTHER, AS SPECIFIED:☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Mary B. Kennedy

14. TITLE:

Medicaid Director

15. DATE SUBMITTED:

2/4/02

16. RETURN TO:

Stephanie Schwartz  
Minnesota Department of Human Services  
Federal Relations Unit  
444 Lafayette Road No.  
St. Paul, Mn 55155-3853

17. DATE RECEIVED:

3/7/02

18. DATE APPROVED:

3/22/02

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

January 1, 2002

20. SIGNATURE OF REGIONAL OFFICIAL:

Cheryl A. Harris  
Associate Regional Administrator  
Division of Health Care Financing Administration

21. TYPED NAME:

Cheryl A. Harris

23. REMARKS:

MAR 6 2002

DMCH - MINN/VV

MINNESOTA  
MEDICAL ASSISTANCE

Federal Budget Impact of Proposed State Plan Amendment TN 02-01  
Attachment 4.19-B: Medical Supplies, Equipment, and Appliances for the Home,  
and Pregnancy-Related and Postpartum Services for 60 Days after Pregnancy Ends

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1. Medical supplies, equipment, and appliances suitable for use in the home, item 7.c.

Pursuant to the Centers for Medicare & Medicaid Services' final rule published in the Federal Register on August 28, 2001, effective for services provided on or after January 1, 2002, Medicare is implementing fee schedules for payment of parenteral and enteral nutrition (PEN) items and services. Pursuant to 42 CFR §414.102(a), Medicare pays for PEN items and services on the basis of the lesser of: 1) the actual charge for the item or service; or 2) the fee schedule amount determined in accordance with 42 CFR §414.104(b).

For enteral products, the State plan is amended due to the new Medicare fee schedule. It is also amended to clarify that pediatric enteral products may be paid at the lower of the submitted charge or the average wholesale price. Enteral products covered by Medicare are not always equivalent to pediatric enteral products, nor is the fee schedule adjustable.

For parenteral products, the State plan is amended to clarify that they are paid using the methodology in item 12.a., Prescribed drugs, because they are dispensed by pharmacies.

The Department estimates that the fiscal impact is:

	<u>FFY '02*</u>	<u>FFY '03</u>
State share	\$0	\$0
<b>Federal share</b>	<b>\$0</b>	<b>\$0</b>
Total MA Cost	\$0	\$0

2. Pregnancy-related and postpartum services for 60 days after the pregnancy ends, item 20.a.

As part of the Health Insurance Portability and Accountability Act (HIPAA) of 1996 requirements, the Centers for Medicare & Medicaid Services is nationalizing state-level X procedure codes. Effective January 1, 2002, the Health Care Procedure Coding System (HCPCS) H prenatal procedure codes may be substituted for the X prenatal procedure codes. However, until April 1, 2002, providers may continue to bill using the X codes. Therefore, the X procedure codes are not deleted.

The Department anticipates submitting a State plan amendment, effective April 1, 2002, that will delete the state-level X procedure codes.

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\*January 1, 2002 through September 30, 2002

The new Prenatal Education H1003 procedure code requires explanation. As of January 15, 2002, it may be used in place of any of the three X procedure codes/modifier combination for the Prenatal Health Education I and II and Prenatal Nutrition Education components. In other words, the three current X procedure codes/modifier combination for prenatal education are converted into the H1003 code. The Department established the H1003 base rate at \$38.92 by using the procedure in Attachment 4.19-D, page 1a—establishing the maximum payment rate in calendar year 1989.

As noted, the Department anticipates submitting a State plan amendment, effective April 1, 2002, that will delete the state-level X codes. At that time, the Prenatal Health Education I and II and Prenatal Nutrition Education components will also be deleted, leaving the H1003 procedure code as the procedure code to be billed when providing prenatal education.

The Department estimates the federal budget costs as follows:

	<u>FFY '02*</u>	<u>FFY '03</u>
State share	\$0	\$0
<b>Federal share</b>	<b>\$0</b>	<b>\$0</b>
Total MA Cost	\$0	\$0

\*January 1, 2002 through September 30, 2002

STATE: MINNESOTA  
Effective: January 1, 2002  
TN: 02-01  
Approved:  
Supersedes: 00-11

ATTACHMENT 4.19-B  
Page 27

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7.c. Medical supplies, equipment, and appliances suitable for use in the home.

Hearing aids, eyeglasses and oxygen are purchased on a volume basis through competitive bidding.

Medical supplies and equipment that are not purchased on a volume basis are paid the lower of:

- (1) submitted charge;
- (2) Medicare fee schedule amount for medical supplies and equipment; or
- (3) if Medicare has not established a payment amount for the medical supply or equipment, an amount determined using one of the following methodologies:
  - (a) 50th percentile of the usual and customary charges submitted for the medical supply or equipment for the previous calendar year minus 20 percent;
  - (b) if no information about usual and customary charges exists for the previous calendar year, payment is based upon the manufacturer's suggested retail price minus 20 percent; or
  - (c) if no information exists about manufacturer's suggested retail price, payment is based on cost (wholesale) plus 20 percent.

Augmentative and alternative communication device manufacturers and vendors are paid the manufacturers's suggested retail price.

Enteral products are paid the lower of:

- (1) submitted charge; or
  - (2) Medicare fee schedule amount for enteral products; ~~or~~
  - ~~(3) if Medicare has not established a fee schedule amount, average wholesale price plus 26 percent.~~
- Pediatric enteral products may be paid at the average wholesale price.

Parenteral products are paid using the methodology in item 12.a., Prescribed drugs, for drugs dispensed by a pharmacy.